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ABSTRACT

Findings concerning college endowment assets, yield, and income for fiscal years (FY) 1982-1985 are presented, based on "Financial Statistics of Institutions of Higher Education" surveys, which are conducted each fall as part of the annual Higher Education General Information Survey. In the private sector, endowment income accounted for over 5% of all current funds revenues during FYs 1982-1985, but in the public sector, such income amounted to far less than 1%. Reflecting the overall trend in the stock market, the market value of endowment assets grew more than 63% (from $24.4 billion to $39.9 billion) across all higher education institutions, although the real growth was reduced to 36% when controlled for inflation. Similarly, the overall increase of 23% in endowment yield (from $2.0 billion to $2.5 billion) and the increase of 31% in endowment income (from $1.6 billion to $2.1 billion) were reduced to 3% and 9%, respectively, when controlled for inflation. Comparative data are provided from: the National Association of College and University Business Officers' Comparative Performance Study, data collected by the Council for Aid to Education, and a study conducted by the Association of Governing Boards of Universities and Colleges. A glossary is included. (SW)

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September 1987

Endowment Assets, Yield, and Income in Institutions of Higher Education: Fiscal Years 1982-85

The income generated from endowment assets is an important source of revenue for certain colleges and universities, accounting for more than 20 percent of all revenues in some religiously affiliated institutions. In the private sector, endowment income accounted for over 5 percent of all current funds revenues during fiscal years 1982 through 1985 (FY 82 through FY 85),[1] but, in the public sector, such income amounted to far less than 1 percent. Reflecting the overall trend in the stock market, the market value of endowment assets grew more than 63 percent (from $24.4 billion to $39.9 billion) across all institutions of higher education between FY 82 and FY 85, although the real growth was reduced to 36 percent when controlled for inflation. Similarly, the overall increase of 23 percent in endowment yield (from $2.0 billion to $2.5 billion) and the increase of 31 percent in endowment income (from $1.6 billion to $2.1 billion) were reduced to 3 and 9 percent, respectively, when controlled for inflation--but still surpassed it.

These are among the findings from the "Financial Statistics of Institutions of Higher Education" surveys for FY 82 through FY 85. The Center for Education Statistics (CES) conducts this survey each fall as part of the annual Higher Education General Information Survey (HEGIS),

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[1] Trend data for previous years are published annually in CES' Digest of Education Statistics. Also see Thomas Snyder, "Endowment Trends in Institutions of Higher Education," Statistical Highlight. NCES 83-406. Washington, D.C. National Center for Education Statistics, 1983.

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which is mailed to approximately 3,300 colleges and universities in the United States, and requests data about the previous fiscal year followed by the institution. This report focuses on two parts of the finance survey: details of endowment assets and endowment income (a part of current funds revenues). Technical notes describing the data base and a glossary of key terms are presented in the appendix.

Endowment Assets[2]

Overview

At the end[3] of FY 85, 60 percent of the Nation's institutions of higher education held endowment assets, ranging in size from $500 to $2,700,000,000. Between FY 82 and FY 85, the market value[4] of such assets increased over 63 percent,[5] from $24.4 billion to $39.9 billion across all colleges and universities, while the book value increased from $23.1 billion to $33.4 billion (appendix table A). However, the real growth was reduced by almost half--to 36 percent--when measured in constant 1985 dollars using the Higher Education Price Index (HEPI) (appendix table A).

The growth of endowment assets among colleges and universities was quite erratic between FY 82 and FY 85. This was a unique period in recent times with the existence of a strong "bull" market coupled with low inflation. Reflecting the overall trend in the stock market (see the Comparative Data section of this report), the market value of endowment assets held by institutions of higher education rose 4 percent in FY 82, leaped 34 percent in FY 83, grew less than 1 percent in FY 84, and then jumped 21 percent in FY 85 (table 1). Measured in constant 1985 dollars (to control for inflation), these changes became -4, 25, -4, and 13 percent for FY 82 through FY 85, respectively (table 1).

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[2]Endowment assets are stocks, bonds, real estate, and other investments which generate income used to support a variety of educational programs, such as student scholarships or designated faculty salaries. See the glossary of key terms in the appendix for a more complete definition.

[3]Thoughout this report, all references to endowment assets refer to the value at the end of the fiscal year, with one exception--the rate of yield--which is the ratio of yield to the market value of assets held at the beginning of the fiscal year.

[4]Simply put, market value refers to what the assets are worth on the open market at a particular time, while book value refers to the original purchase price. See the glossary of key terms in the appendix for more complete definitions.

[5]Throughout the text, all percents were calculated on figures rounded to thousands.

Table 1.--Market and book value of endowment assets with percent change from the previous fiscal year in institutions of higher education: Fiscal years 1982-85

(Amounts in billions)

Fiscal year	Endowment assets		Percent change from previous fiscal year		
	Market value	Book value	Market value	Book value	HEPI*
			Current dollars		
1982	$24.4	$23.1	4.0	10.2	10.0
1983	32.7	26.4	33.9	14.2	6.3
1984	33.0	29.5	0.9	12.0	5.4
1985	39.9	33.4	21.0	13.2	6.7
			Constant 1985 dollars		
1982	$29.3	$27.7	-4.0	1.8	10.0
1983	36.6	29.5	25.0	6.5	6.3
1984	35.3	31.6	-3.6	7.0	5.4
1985	39.9	33.4	13.1	5.8	6.7

*Higher Education Price Index (see the glossary of key terms in the appendix).

Concentration of Endowment Assets

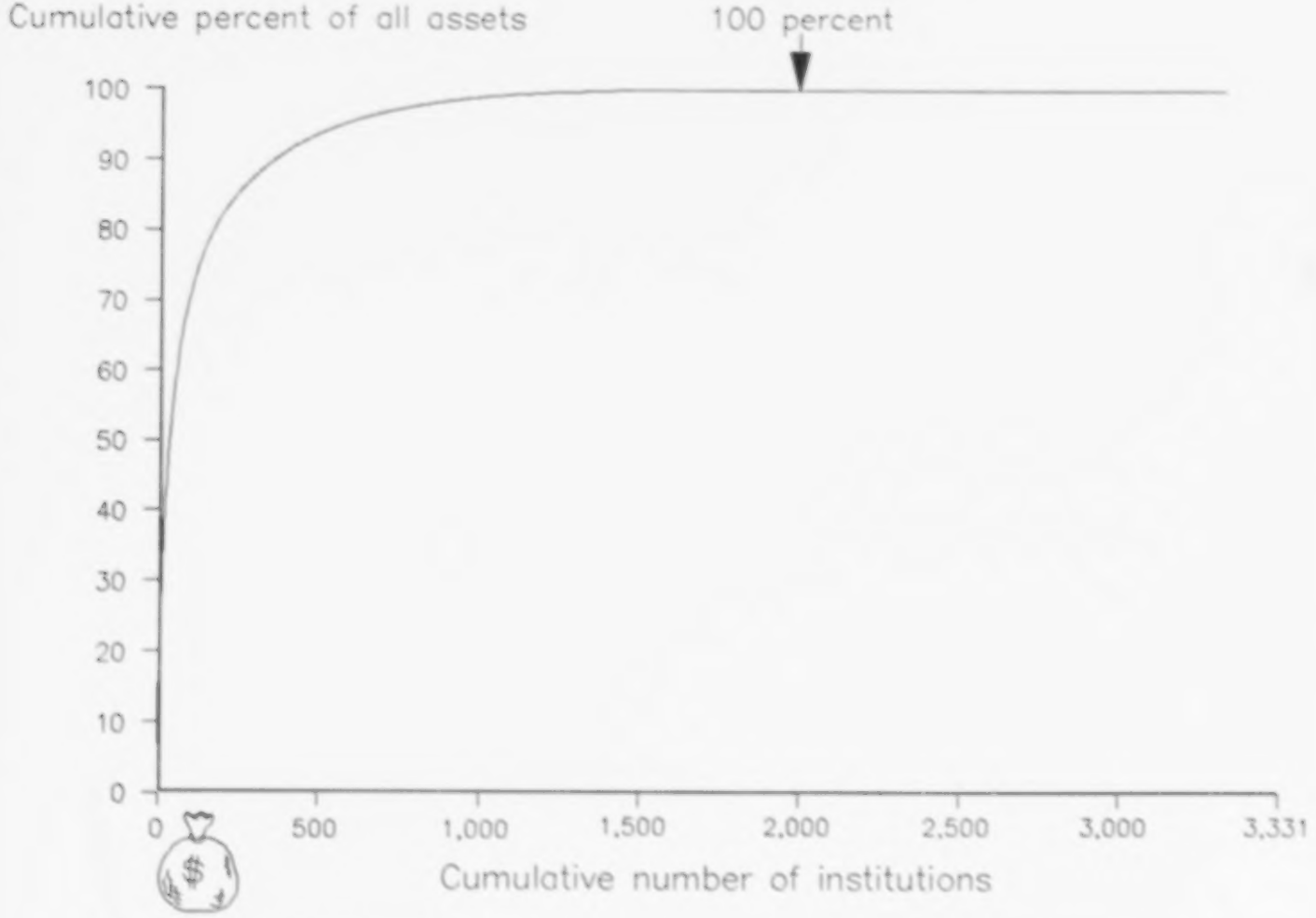
How many institutions account for the bulk of endowment assets among all colleges and universities? Very few. In FY 85, 64 institutions (less than 2 percent of the universe) held 64 percent of all endowment assets; 575 institutions (17 percent of the universe) held 95 percent of all assets; and 1,339 institutions (40 percent of the universe) had no endowments at all (table 2 and figure 1).

Table 2.--Number of institutions representing selected percents of endowment assets in institutions of higher education: Fiscal year 1985

25 percent	50 percent	64 percent	75 percent	95 percent	100 percent
6	31	64	122	575	1,992

Note.--In FY 85, there were 3,379 institutions in the finance survey universe, 3,331 of which are in the 50 States and D.C.

Figure 1.--Concentration of endowment assets among all institutions of higher education: Fiscal year 1985



SOURCE: HEGIS "Financial Statistics of Institutions of Higher Education for Fiscal Year 1985"

A listing of the 100 institutions with the largest endowment assets in FY 85 is presented in the appendix, along with their rankings for FY 82 and the size and percent change of their assets (appendix table B). In FY 85, the assets of the top 100 institutions (3 percent of the universe) amounted to $28.6 billion--72 percent of the $39.9 billion in assets held by all colleges and universities. All but 8 of these institutions were also represented among the top 100 in FY 82, indicating a good deal of stability in the rankings. Seventeen of the top 100 institutions are publicly controlled.

Endowment assets are concentrated in 4-year colleges and universities (N=2,023), particularly those in the private sector (N=1,457). Four-year institutions held 99 percent of all endowment assets of higher education institutions between FY 82 and FY 85 (derived from appendix table A). During the same period, private institutions in general (N=1,830) held more than four-fifths of all endowment assets (derived from appendix table A).

Public and Private 4-Year Institutions

As expected, the performance of endowment assets was remarkably similar in both public and private 4-year institutions, given that they are governed by the same trust laws and share investment and endowment management strategies. The market value of endowment assets increased 63 and 64 percent in public and private 4-year institutions, respectively, between FY 82 and FY 85 (appendix table A). As measured in constant 1985 dollars, the real growth in market value during these years--36 percent--was identical in 4-year institutions, regardless of control (appendix table A).

Four-fifths of all endowment assets were concentrated in private 4-year institutions of higher education (N=1,457) (derived from appendix table A). Between FY 82 and FY 85, the market value of their assets rose from $19.8 billion to $32.4 billion (figure 2, derived from appendix table A). During the same period, the assets of public 4-year colleges and universities (N=566) grew from $4.4 billion to $7.2 billion (figure 2, appendix table A).

Public and Private 2-Year Institutions

Only 1 percent of all endowment assets were held by 2-year colleges (N=1,308) between FY 82 and FY 85 (derived from appendix table A). The majority of these assets were concentrated in the private sector (N=373) during this period. However, those in the public sector (N=935) grew more rapidly each year except FY 85. Overall, the market value of endowment assets rose 71 percent in public 2-year institutions between FY 82 and FY 85--from $100.2 million to $171.8 million--while it increased 56 percent in private 2-year institutions--from $140.9 million to $220.1 million (figure 3, derived from appendix table A). These differences remained when controlled for inflation. Measured in constant 1985 dollars, the market value of endowment assets rose 43 and 30 percent, respectively, in public and private 2-year colleges between FY 82 and FY 85 (appendix table A).

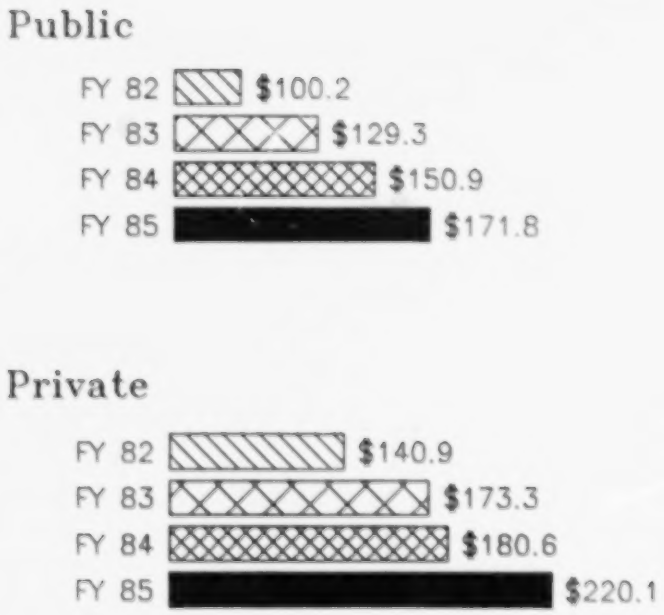
Figure 2.--Market value of endowment assets of 4-year institutions of higher education, by control of institution: Fiscal years 1982-85

(Amounts in billions)

SOURCE: HEGIS "Financial Statistics of Institutions of Higher Education," fiscal years 1982-85.

Figure 3.--Market value of endowment assets of 2-year institutions of higher education, by control of institution: Fiscal years 1982-85

(Amounts in millions)



SOURCE: HEGIS "Financial Statistics of Institutions of Higher Education," fiscal years 1982-85.

Endowment Yield[6]

Overview

Endowment yield increased over 23 percent across all institutions of higher education between FY 82 and FY 85--from $2.0 billion to $2.5 billion (appendix table C). However, the real growth in endowment yield (as measured in constant 1985 dollars) was under 3 percent. The rate of yield[7] decreased slightly, from 9 percent in FY 82 to under 8 percent in FY 85 (appendix table D). Mirroring the distribution of endowment assets during this period, 99 percent of the yield was concentrated in 4-year institutions, and about four-fifths was in the private sector (derived from appendix table C).

Public and Private 4-Year Institutions

The yield from endowments rose 28 percent among 4-year colleges and universities in the private sector--from $1.6 billion to $2.0 billion--between FY 82 and FY 85, but only 5 percent among their public counterparts--from $450.3 million to $474.9 million (appendix table C). When controlled for inflation, endowment yield rose 7 percent in private 4-year institutions, but fell 12 percent in public 4-year institutions (appendix table C).

In FY 82, the rate of yield was slightly higher among public than among private 4-year institutions--11 percent vs. 8 percent (appendix table D). By FY 85, the rate of yield equalled about 8 percent in both sectors. As with endowment assets, about four-fifths of all endowment yield was concentrated in private 4-year institutions, and the proportion is rising--from 77 percent in FY 82 to 80 percent in FY 85 (derived from appendix table C).

Public and Private 2-Year Institutions

Endowment yield rose sharply in public 2-year colleges between FY 82 and FY 85--even when controlled for inflation--but much more slowly in private 2-year colleges. The yield grew 64 percent in public 2-year institutions--from 9.4 million in FY 82 to $15.4 million in FY 85--but rose only 22 percent in their private counterparts--from $14.4 million to $17.6 million (appendix table C). When measured in constant 1985 dollars, the real growth in yield was reduced to 36 percent and over 1 percent for public and private 2-year colleges, respectively. Reflecting the value of their assets, only 1 percent of all endowment yield was in 2-year colleges between FY 82 and FY 85, with the majority concentrated in the private sector (derived from appendix table C).

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[6]Dividends, interest, rents, royalties, etc. from endowment assets. See the glossary of key terms in the appendix for a more complete definition.

[7]Yield as a percent of the beginning market value of endowment assets. Such measures as the rate of yield, the rate of return, and the market value change are described in Lanora F. Welzenbach (Ed.), College and University Business Administration. Washington, D.C. National Association of College and University Business Officers, 1982, p. 301.

Endowment Income[8]

Overview

Simply focusing on the yield paints only a partial picture of the amount of endowment funds available to meet current operating expenses. Traditionally, institutions spent only the yield from endowments, treating appreciation as an addition to the principal. With the emergence of the "total return concept," however, institutions may now treat both the yield and a prudent portion of appreciation as income, less an amount (determined by a spending rule) that must be reinvested to compensate for inflation.

The income generated from endowment assets composed more than 2 percent of the current funds revenues across all colleges and universities, and that proportion remained constant between FY 82 and FY 85 (derived from appendix table E and unpublished tabulations). In some religiously affiliated institutions, however, such income amounted to more than three-quarters of all revenues. During this period, 99 percent of all endowment income was in 4-year institutions, and more than five-sixths was concentrated in the private sector (derived from tables 3 and 4).

Table 3.--Total endowment income and percent change in institutions of higher education: Fiscal years 1982-85

(Amounts in millions)

Control of institution	FY 1982	FY 1983	FY 1984	FY 1985	Percent change FY 1982-85
			Current dollars		
Total	$1,596.8	$1,720.7	$1,873.9	$2,096.3	31.3
Public	244.1	274.1	315.1	342.8	40.5
Private	1,352.7	1,446.6	1,558.8	1,753.5	29.6
			Constant 1985 dollars		
Total	$1,916.2	$1,927.2	$2,005.1	$2,096.3	9.4
Public	292.9	307.0	337.2	342.8	17.1
Private	1,623.3	1,620.2	1,668.0	1,753.5	8.0

Note.--Details may not add to totals due to rounding.

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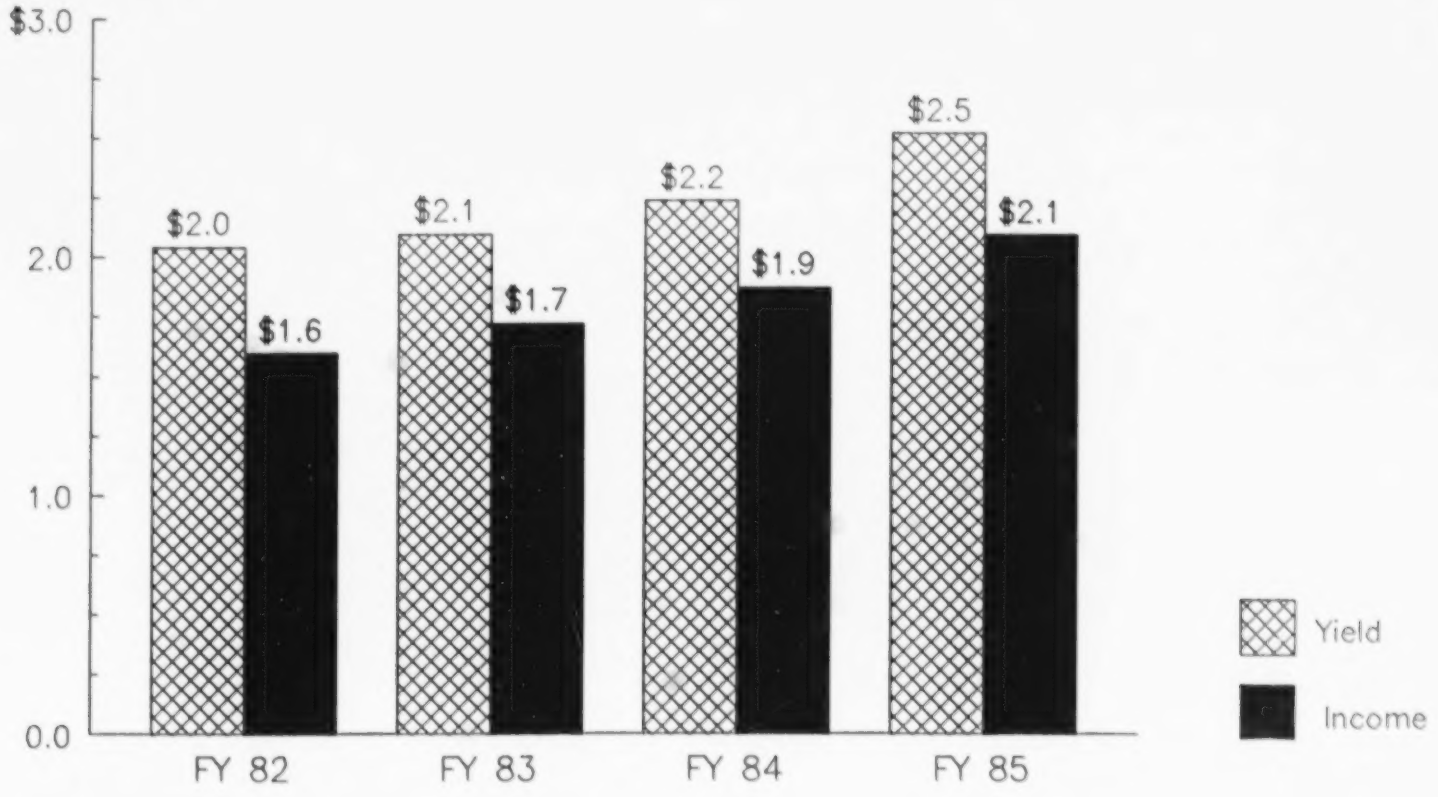
[8]The amount of endowment yield--or yield and appreciation if a college or university follows the "total return concept"--available to meet the current operating expenses of an institution. See the glossary of key terms in the appendix for a more complete definition.

Figure 4.--Endowment yield and income among all institutions of higher education: Fiscal years 1982–85

(Amounts in billions)



SOURCE: HEGIS "Financial Statistics of Institutions of Higher Education," fiscal years 1982–85.

Endowment income rose 31 percent between FY 82 and FY 85--from $1.6 billion to $2.1 billion--across all institutions of higher education (table 3). When controlled for inflation, this increase was reduced by more than two-thirds, to 9 percent. Although endowment income increased more rapidly than endowment yield between FY 82 and FY 85, the yield from endowment assets was consistently higher than the income (figure 4).

Public and Private 4-Year Institutions

Endowment income composed between 5 and 6 percent of all current funds revenues in private 4-year colleges and universities between FY 82 and FY 85, but such income accounted for less than one-half of 1 percent of the revenues of their public counterparts during the same period (derived from appendix table E and unpublished tabulations).

Although about five-sixths of all endowment income was concentrated in private 4-year institutions, those in the public sector rose more rapidly between FY 82 and FY 85. Endowment income grew 40 percent in public 4-year institutions--from $235.0 million to $330.0 million--and 30 percent in their private counterparts--from $1.3 billion to $1.7 billion (table 4). When controlled for inflation, however, these gains slowed appreciably to 17 and 8 percent for public and private 4-year institutions, respectively (table 4).

Table 4.--Total endowment income and percent change in 4-year institutions of higher education: Fiscal years 1982-85

(Amounts in millions)

Control of institution	FY 1982	FY 1983	FY 1984	FY 1985	Percent change FY 1982-85
			Current dollars		
4-Year	$1,575.5	$1,694.9	$1,845.8	$2,066.5	31.2
Public	235.0	262.3	302.5	330.0	40.4
Private	1,340.6	1,432.6	1,543.3	1,736.5	29.5
			Constant 1985 dollars		
4-Year	$1,890.6	$1,898.3	$1,975.0	$2,066.5	9.3
Public	281.9	293.7	323.6	330.0	17.0
Private	1,608.7	1,604.6	1,651.3	1,736.5	7.9

Note.--Details may not add to totals due to rounding.

Public and Private 2-Year Institutions

The income from endowments accounted for almost 2 percent of all current funds revenues of private 2-year colleges between FY 82 and FY 85 but amounted to only one-tenth of 1 percent of the revenues of their public counterparts (derived from appendix table E and unpublished tabulations).

Endowment income grew even more rapidly--40 percent--in 2-year colleges than in their 4-year counterparts between FY 82 and FY 85 (table 5). And the growth was evenly distributed among the public and private sectors--41 and 39 percent, respectively--even though the two sectors combined accounted for only 1 percent of all endowment income. When controlled for inflation, these increases were reduced to 17 and 16 percent for public and private 2-year institutions, respectively (table 5).

Table 5.--Total endowment income and percent change in 2-year institutions of higher education: Fiscal years 1982-85

(Amounts in millions)

Control of institution	FY 1982	FY 1983	FY 1984	FY 1985	Percent change FY 1982-85
			Current dollars		
2-Year	$21.3	$25.8	$28.2	$29.8	40.1
Public	9.1	11.8	12.7	12.8	40.9
Private	12.2	13.9	15.5	17.0	39.5
			Constant 1985 dollars		
2-Year	$25.5	$28.9	$30.2	$29.8	16.7
Public	10.9	13.3	13.5	12.8	17.4
Private	14.6	15.6	16.6	17.0	16.2

Note.--Details may not add to totals due to rounding.

Comparative Data

Performance of Bond and Stock Market Indices: Fiscal years 1976-85

The changes in the market value of endowment assets across all institutions of higher education followed the general trend of the stock market and that of corporate bonds between FY 76 and FY 85, although the swings in the market were much steeper (figure 5, table 6). When the market increased sharply, as in FY 83 and FY 85, colleges and university endowments did not perform as well as the market in general. When the market dropped, as in FY 82 and FY 84, colleges and universities outperformed the market, since they tend to be more conservative with their investments.

According to the National Association of College and University Business Officers' (NACUBO) 1985 NACUBO Comparative Performance Study of college and university endowments,[9] 53 percent of the assets reported by

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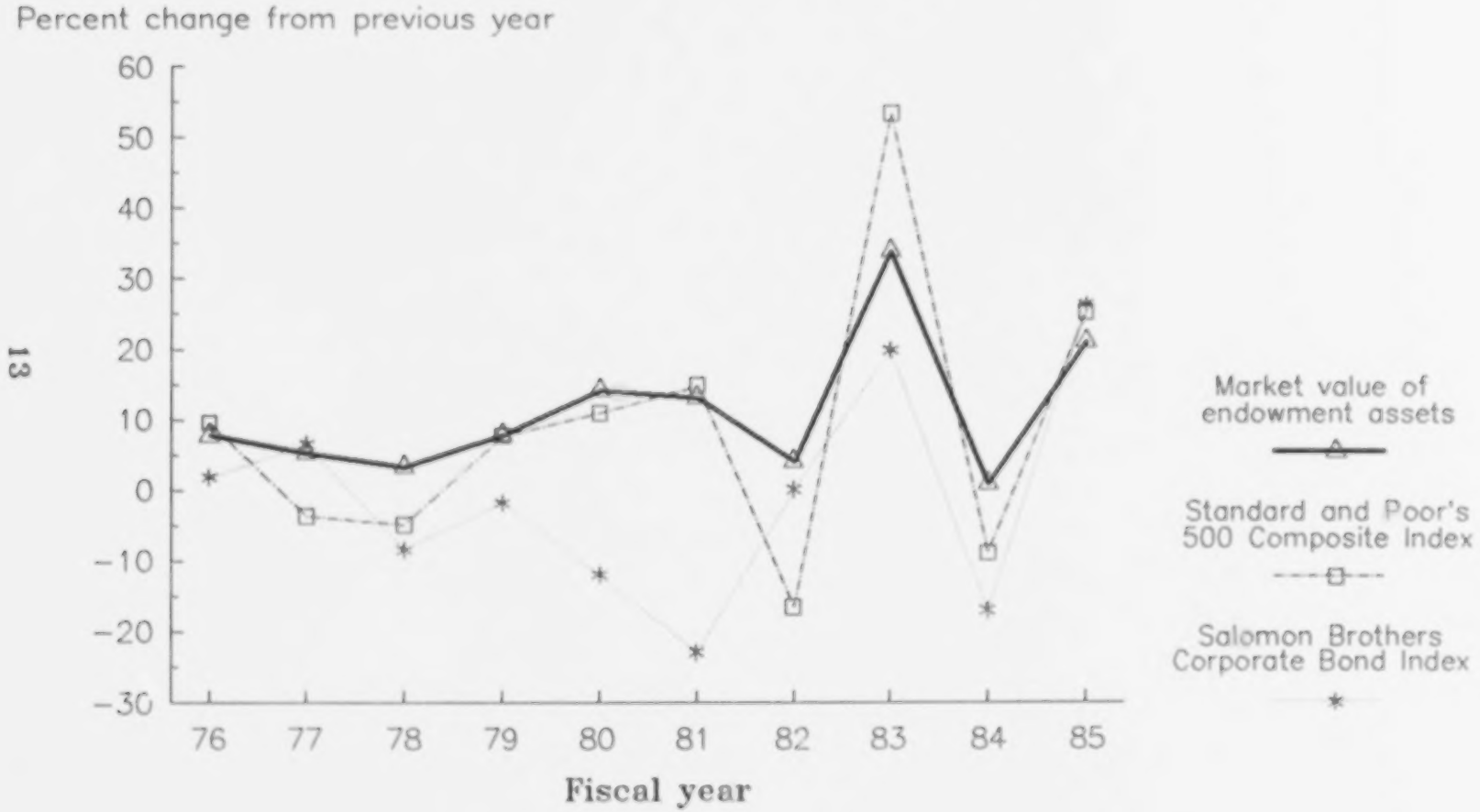
[9]Bruce M. Dresner (under the direction of the Investments Subcommittee of the NACUBO Financial Management Committee), 1985 Comparative Performance Study. Washington, D.C. National Association of College and University Business Officers, 1986, p. 28.

Figure 5.--Performance of endowments assets of institutions of higher education compared with stock and bond market indices: FY 1976-85



SOURCE: HEGIS "Financial Statistics of Institutions of Higher Education," fiscal years 1975-85, and 1985 NACUBO Comparative Performance Study, p. 86.

Table 6.--Market value of HEGIS endowment assets compared with various measures of inflation and stock market, bond, and U.S. Treasury indices: Fiscal years 1976-85

Price index	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
Market value of HEGIS endowment assets (in billions)	$15.5	$16.3	$16.8	$18.2	$20.7	$23.5	$24.4	$32.7	$33.0	$39.9
Percent change in HEGIS endowment assets	7.8	5.3	3.3	7.8	14.2	13.1	4.0	33.9	0.9	21.0
Higher Education Price Index (HEPI) 1	137.8	146.7	156.5	168.7	185.3	205.2	225.8	240.1	253.1	270.1
Percent change in HEPI	6.7	6.5	6.7	7.8	9.8	10.7	10.0	6.3	5.4	6.7
Consumer Price Index (CPI) 1	139.6	147.7	157.7	172.4	195.4	218.0	236.9	247.1	256.2	266.2
Percent change in CPI	7.1	5.8	6.8	9.3	13.3	11.6	8.7	4.3	3.7	3.9
Standard and Poor's Composite Index (S&P 500) 2	104.3	100.5	95.5	102.9	114.2	131.2	109.6	168.1	153.2	191.9
Percent change in S&P 500	9.5	-3.6	-4.9	7.7	11.0	14.9	-16.5	53.4	-8.9	25.2
Dow Jones Industrial Average 2	1002.8	916.3	819.0	842.0	867.9	976.9	811.9	1212.0	1132.4	1335.5
Percent change in Dow Jones	14.1	-8.6	-10.6	2.8	3.1	12.6	-16.9	49.3	-6.6	17.9
New York Stock Exchange Composite Index (NYSE) 3	54.5	53.7	53.7	58.3	68.1	74.0	68.9	92.6	92.5	108.1
Percent change in NYSE	19.1	-1.4	0.0	8.6	16.8	8.7	-6.9	34.4	-0.2	16.9
Salomon Brothers High-Grade Long-Term Corporate Bond Index 2	86.8	92.4	84.6	83.2	73.2	56.4	56.5	67.7	56.2	70.9
Percent change in Salomon Brothers Bond Index	1.8	6.5	-8.4	-1.8	-11.9	-22.9	0.1	19.9	-17.0	26.2
Standard and Poor's High-Grade Municipal Bond Index 4	6.5	5.6	5.9	6.4	8.5	11.2	11.6	9.5	10.2	9.2
Percent change in Standard and Poor's Bond Index	-5.8	-14.3	6.1	8.3	33.2	32.0	3.0	-18.2	7.2	-9.6
U.S. Treasury Securities--Bills (New Issues) 6-month	5.3	5.5	7.6	10.0	11.4	13.8	11.1	8.8	9.8	7.7
Percent change in U.S. Treasury Securities	-14.0	4.6	37.4	32.3	13.5	21.1	-19.5	-21.1	12.0	-21.8

1 FY 1971 = 100.
2 July 1, 1973 = 100.
3 December 31, 1965 = 50.
4 1941-43 = 10.

SOURCE: HEGIS "Financial Statistics of Institutions of Higher Education," fiscal years 1975-85; Research Associates of Washington, "Higher Education Prices and Price Indexes: 1985 update;" 1985 NACUBO Comparative Performance Study; and the Economic Report of the President (transmitted to the Congress January 1987).

their sample were composed of equities (stocks, venture capital, and foreign securities), with 32 percent in bonds, 12 percent in cash, 2 percent in real estate, and 2 percent in miscellaneous investments. These figures showed only a small change from FY 82 when 48 percent of the pooled funds in their sample were invested in equities, with 31 percent in bonds, 15 percent in cash, 3 percent in real estate, and 3 percent in miscellaneous investments.[10] Given this distribution of assets, the correspondence between the performance of endowments in higher education with the stock and bond indicators is hardly surprising.

National Association of Colleges and University Business Officers: Comparative Performance Study

Each year since 1974, NACUBO has conducted a survey and analyzed the investment performance among their member institutions, most of which are also in the HEGIS data base. Regardless of differences in both the data collected and the respondents surveyed, the NACUBO data show a trend similar to that of the HEGIS data, although the swings in their data are much more pronounced. NACUBO's rates of return and sample sizes are listed in Table 7, by fiscal year.

Table 7.--Average rate of return and sample sizes for NACUBO's Comparative Performance Studies: Fiscal years 1982-85

Fiscal year	Average rate of return (percent)	Number of institutions	Number of investment pools
1982	-0.9	194	218
1983	41.3	202	220
1984	-2.2	206	223
1985	25.5	284	277

SOURCE: 1982, 1983, 1984, and 1985 NACUBO Comparative Performance Study.[11]

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[10]Bruce M. Dresner (under the direction of the Investments Subcommittee of the NACUBO Financial Management Committee), 1982 Comparative Performance Study. Washington, D.C. National Association of College and University Business Officers, 1983, p. 23.

[11]Op. cit., 1982, 1983, 1984, and 1985 NACUBO Comparative Performance Study. Washington, D.C. National Association of College and University Business Officers. 1983, 1984, 1985, and 1986.

Many differences are apparent between the two surveys which help to account for the variation in results. To begin with, the data elements differ. NACUBO includes data which are excluded from the HEGIS endowment data, such as funds held in trust by others (e.g., foundations), life income funds, loan funds, and temporarily invested physical plant funds. The data elements also differ in other ways: the unit of analysis in the NACUBO studies is determined by dividing the total market value of pooled investment funds by the number of units in the pool--which are not requested on the HEGIS survey form. In addition, NACUBO's rate of return and rate of yield are determined separately for each investment pool and then averaged, while the HEGIS data are aggregated based on the level and control of institution. Furthermore, NACUBO's rates of return and yield, which assume a reinvestment of income, are expressed as a percent of the average beginning and ending market value of the fiscal year, while the rates reported in this bulletin are expressed as a percent of the beginning market value. Finally, the respondents differ: the NACUBO sample sizes are much smaller and include only 4-year member institutions, many of which have sizable endowment funds. In contrast, the HEGIS data base includes the universe of all accredited institutions of higher education, including 2-year colleges--a large proportion of which have no endowments at all.

NACUBO's data provide additional insights on investments which are beyond the scope of this report but may be of interest to particular readers. For example, data are reported and analyzed separately, based on the size and objective (e.g., total return, balanced, or income-oriented) of each investment pool; and information is provided for both internally- and externally-managed funds, by fiscal year. In addition, specific information is collected about the distribution of funds among stocks, bonds, cash, and real estate. In 1985, endowment asset allocations were also reported among three broad categories: (1) traditional investments, such as equity, fixed, and liquid asset securities; (2) nontraditional investments, including venture capital and leveraged buyout holdings, foreign securities, and noncampus real estate investments; and (3) special-consideration positions, including employee mortgages, campus real estate, other nonsecurity assets, and miscellaneous holdings. Additional data are reported by institution, such as the institutional spending rate formula, investment managers and custodians, and venture capital and leveraged buyout funds, all of which provide a wealth of information to supplement this bulletin.

Total return concept[12]

Until the beginning of the 1970s, most colleges and universities spent only the yield from endowment funds, treating appreciation as an addition to principal. However, with the view that educational institutions could enhance the return--and the total value--of endowment funds by greater investment in common stocks, including low-yield, growth stocks, it became necessary to establish a formula to determine how much should be spent from the total return--a combination of yield and appreciation.

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[12]Op. cit., College and University Business Administration. Washington, D.C. National Association of College and University Business Officers, 1982, pp. 280-281.

Spending rule[13]

As a result of the "total return concept," a new approach to spending has emerged. Many institutions now distinguish between the yield earned on the endowment and the appropriate rate of spending, recognizing that the total productivity of an endowment is in the form of both yield and appreciation. In addition, spending rules disconnect institutional support from the short-term volatility of capital markets and help to maintain the real value of endowments, thus providing stability and predictability. Most approaches to spending use a formula which links spending from the endowment to its market value. An example is a proportion--such as 5 percent--of a moving average of the market value (a 3-year average is common).

According to the 1985 NACUBO Comparative Performance Study,[14] 46 percent of their sample follow a total return investment philosophy and 48 percent employ a spending rule. This represents an increase from the 1982 Comparative Performance Study,[15] when 40 percent of their sample followed a total return philosophy and 38 percent used a spending formula. The NACUBO studies report the spending rules for each of the institutions that responded to their survey and note any significant changes which have taken place in the recent past.

Council for Aid to Education: Voluntary Support of Education[16]

Data concerning private gifts, grants, and bequests have been collected by the Council for Aid to Education (CFAE, formerly the Council for Financial Aid to Education) since 1954-55 (biennially the first 10 years, annually thereafter). CFAE found a 13 percent increase in gifts in FY 85, which totaled $6.3 billion. In FY 85, voluntary support averaged $4.8 million among the 1,114 respondents in the CFAE universe of 2,773 institutions. Unlike HEGIS, the CFAE data include endowments held by college and university foundations. Such funds are excluded from HEGIS, since the institutions neither own nor manage them. Thus, differences between the two data sources are to be expected.

CFAE surveys public and private college and university systems, including both 2-year and 4-year institutions, but excludes proprietary institutions. Unlike HEGIS, CFAE collects data from entire State systems, rather than from

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[13]Ibid., pp. 280-281.

[14]Op. cit., 1985 NACUBO Comparative Performance Study. Washington, D.C. National Association of College and University Business Officers. 1986.

[15]Op. cit., 1982 NACUBO Comparative Performance Study. Washington, D.C. National Association of College and University Business Officers. 1983.

[16]The Council for Financial Aid to Education, Inc., in cooperation with the Council for Advancement and Support of Education and the National Association of Independent Schools, Voluntary Support of Education: 1984-85. Washington, D.C. Council for Financial Aid to Education, 1985.

the separate branch campuses. In addition, the data are tabulated separately by institution, based on type--doctoral, comprehensive, general baccalaureate, or specialized--and control--public or private.

The data elements collected by CFAE include gifts for the support of current operations and capital purposes (including both unrestricted and restricted endowments), as well as vital statistics (including the total market value of endowment--previously the book value; educational and general expenditures; and enrollment). In addition, CFAE collects and reports data by donor groups: individuals (alumni/ae, parents, and others) and organizations (foundations, corporations and businesses, religious organizations, and others). They also provide details about several ways of giving: the annual fund, realized bequests, and deferred gifts (trusts, pooled income funds, and annuities), corporate matching gifts, gifts of company products and other property, and other in-kind gifts. Such specificity allows an in-depth look at the sources of endowments and contributes greatly to our knowledge of gifts and bequests, since such data are not requested on the HEGIS finance form.

Association of Governing Boards of Universities and Colleges: Improving Endowment Management

Reports from The Wall Street Journal[17] and the NACUBO Business Officer[18] suggest that many of the larger institutions are employing professional money managers to handle their investments. According to a study of 23 colleges and universities conducted for the Association of Governing Boards of Universities and Colleges (AGB),[19] endowment performance is significantly better at institutions that use independent consultants, multiple investment managers, and a systematic approach to endowment management policies and practices.

The AGB study, conducted between July 1, 1978 and June 30, 1983, found that the keys to improving the performance of endowment funds are trustee interest and involvement, the use of external professionals to manage endowment investments, and the use of independent consultants to evaluate managers and performance. For institutions with small endowment funds, an alternative is to invest in The Common Fund, a nonprofit pooled endowment fund for education institutions, which outperformed both groups of institutions in the AGB study.

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[17]George Anders, "U.S. Universities Profit by Using Professionals for Managing Money," The Wall Street Journal, March, 19, 1985, pp. 1, 20.

[18]National Association of College and University Business Officers, "AGB Study on Endowment Management Identifies Factors that Affect Performance," NACUBO Business Officer 19 (9) (March 1986): p. 11.

[19]Academy for Educational Development in cooperation with the American Council on Education, the National Association of College and University Business Officers, Investment Management Control Systems--a division of Janney Montgomery Scott Inc., and The Common Fund, "ASB Special Report: Improving Endowment Management," Washington, D.C. Association of Governing Boards of Universities and Colleges, 1985, p. ix.

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The sections on comparative data were reviewed by Hayden W. Smith, Senior Vice President, Council for Aid to Education, Inc. (formerly the Council for Financial Aid to Education); and Bruce M. Dresner, Vice President of Financial Administration, Dartmouth College, and primary author of the National Association of College University Business Officers's (NACUBO's) Comparative Performance Studies.

This report was prepared under the guidance of the following CES senior staff: Samuel S. Peng, Director, Postsecondary Education Statistics Division; William H. Freund, Deputy Division Director; Martin M. Frankel, Branch Chief; and Susan T. Hill, Technical Reviewer. Paul F. Mertins, IPEDS Finance Survey Director, and Martin M. Frankel conducted the quality control check. Charles D. Cowan, Chief Mathematical Statistician, and Donald J. Malec, Mathematical Statistician, served as the Technical Reviewers for the Office of the Director and coordinated the external peer review process.

For More Information

To obtain limited copies of this and other CES reports, please call 1-800-424-1616. To purchase computer tapes or to order special tabulations containing these and other HEGIS data, by fiscal year, please contact:

U.S. Department of Education
Office of Educational Research and Improvement
Information Systems and Media Services
555 New Jersey Avenue NW.
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Appendix

Data Source

The HEGIS finance survey form was sent to every 4- and 2-year institution of higher education in the United States and the outlying areas with accreditations recognized by the U.S. Department of Education. This report, however, covers the 50 States and the District of Columbia and excludes the outlying areas (American Samoa, Guam, Northern Mariana Islands, Puerto Rico, the Virgin Islands, and the Trust Territory of the Pacific Islands). Details about the entire HEGIS finance survey universe for FY 82 through FY 85 are presented below.

Fiscal year	Size of universe	Number of respondents	Response rate	Number imputed[1]	Number on file	Percent on file
1982	3,294	2,988	90.7	306	3,294	100.0
1983	3,325	2,901	87.2	386[2]	3,287	98.9
1984	3,330	2,880	86.5	422[3]	3,302	99.2
1985	3,379	2,959	87.6	370[4]	3,329	98.5

[1]Three methods of imputation (estimation) were used to handle non-response. For endowment assets and yield, if data from the previous year were available for a nonrespondent, they were adjusted by multiplying the end-of-the-year balances by the national averages for the preceding year. For endowment income, if data from the previous year were available for a nonrespondent, they were inflated using the Higher Education Price Index (HEPI). For institutions new to the finance survey universe, current data were used from peer institutions selected for similarity of enrollment (within 25 percent), control (public or private), type and level (university, other 4-year, 2-year, or 4- or 2-year branch campus of a multi-campus university or other 4-year institution), location (region), academic programs, and highest level of offering of institution, then adjusted for significant differences in enrollment.

[2]In FY 83, no peer selection was done for new institutions.

[3]In FY 84, data were imputed for 13 institutions using peer selection. No data were imputed for 28 small institutions new to the finance survey universe in FY 83 that were nonrespondents in both FY 83 and FY 84.

[4]In FY 85, if no data were available from FY 84 (N=50), the institution's name and FICE code were entered on the file, with a zero for the first data element. No data were entered for the remaining data elements.

Glossary of Key Terms

Appreciation (depreciation). As used in the Uniform Management of Institutional Funds Act, appreciation is growth--either realized or unrealized--in the market value of endowment assets over their historic dollar value. Therefore, if the market value is below the historic dollar value of the fund, the institution may spend only the yield. Correspondingly, depreciation is a shrinkage in market value, realized or unrealized. As used in this bulletin, "appreciation" is the net change in the market value of assets during the fiscal year minus the net change in book value (since HEGIS no longer collects data on appreciation).

Bond. A long-term debt instrument.

Book value. As carried on the institution's accounting records, the aggregate fair value in dollars of (1) an endowment fund at the time it became an endowment fund, (2) each subsequent donation to the fund at the time it is made, and (3) each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund.

Current funds revenues. All unrestricted gifts and other unrestricted revenues earned during the fiscal year and restricted current funds to the extent that such funds were expended for current operating purposes.

Endowment assets. Stocks, bonds, real estate, and other investments which generate income used to support a variety of educational programs, such as student scholarships or designated faculty salaries. Includes gross investments of endowment funds, term endowment funds, and quasi-endowment funds (funds functioning as endowment) NOT reduced by liabilities.

Endowment funds. Funds received from a donor with the restriction that the principal is not expendable--that is, it is to remain inviolate in perpetuity and is to be invested for the purpose of producing present and future income, which may be expended or added to principal. (Sometimes referred to as true endowment funds.)

Endowment income. Revenues from the unrestricted income of endowment and similar funds; restricted income of endowment and similar funds to the extent expended for current operating purposes; and income from funds held in trust by others under irrevocable trusts. Excludes capital gains or losses, which are treated as transfers, not revenues.

Endowment yield. Includes all earnings (not realized gains) on investments of endowment assets, regardless of the distribution of earnings made to various institutional funds. Includes dividends, interest, rents, royalties, and amortization of purchased discounts and premiums. Thus, yield represents what is ordinarily regarded as income (less an amount which must be reinvested to protect against inflation if the institution follows a spending rule).

Equity. Any common stock, convertible preferred stock, or convertible debenture.

Four-year institutions. Higher education institutions offering at least a 4-year program of college-level studies wholly or principally creditable toward a baccalaureate degree. This category also includes postsecondary institutions which typically comprise one or more graduate or professional schools.

Higher Education Price Index (HEPI). This index is designed to measure average changes in the prices of goods and services purchased by colleges and universities. To estimate changes in inflation versus real purchasing power over time, the percent increases in the HEPI may be compared with the percent increases in expenditures. Compiled by Kent Halstead and presented in U.S. Department of Education, National Institute of Education, Inflation Measures for Schools and Colleges. Washington, D.C. U.S. Government Printing Office, 1983; updated yearly by Research Associates of Washington.

Life income funds. Assets, the income of which does not flow through to the institution during the lifetime of the donor of beneficiary, yet the principal of which has been designated to the institution as a remainderman.

Market value. The actual price of a security on the open market as carried on the accounting records of the institution. More precisely, the price at which the last trade took place. (If the market value of some investments is not available, institutions are instructed to use whatever value was assigned by the institution in reporting market values in the annual financial report.)

Market value change. The net increase or decrease in market value over a designated period, allowing for cash added to or taken from the pool during the period, expressed as a percent of the beginning market value. As used in this bulletin, it is the net change in market value during the fiscal year minus the net change in book value, expressed as a percent of the beginning market value of endowment assets.

Principal. Includes not only the original value of the endowment fund when established and the original value of any additions to the fund, but also realized appreciation in the value of investments of the fund.

Quasi-endowment fund. A fund established by the governing board to function like an endowment fund but which may be totally expended at any time at the discretion of the governing board of an institution, subject to any donor-imposed restrictions on use.

Rate of return. The combination of yield and market value change. As used in this bulletin, endowment yield plus "appreciation," expressed as a percent of the market value of endowment assets held at the beginning of the fiscal year.

Rate of yield. The income earned on investments from dividends, interest, net rental income, etc., stated as a percent of the fund's market value during the period. As used in this bulletin, the ratio of yield to the market value of endowment assets held at the beginning of the fiscal year.

Restricted revenues. Those funds available for financing operations but which are limited by donors and other external agencies to specific purposes, programs, departments, or schools. Externally imposed restrictions are to be contrasted with internal designations imposed by the governing board on unrestricted funds.

Term endowment funds. Funds for which the donor has stipulated that the principal may be expended after a stated period or on the occurrence of a certain event.

Total return. The sum of net realized and unrealized appreciation or shrinkage in portfolio value plus yield.

Two-year institutions. Higher education institutions that only offer degrees and awards for work below the bachelor's level.

Unrestricted revenues. Funds received, including institutional funds, for which no stipulation was made by the donor or other external agency as to the purpose for which they should be expended.

Stock Market Index (used in Figure 5):

Standard and Poor's Composite Index. The first widely-employed market value index developed which is now based on 500 stocks--400 industrials, 40 utilities, 20 transportation, and 40 financial. An appropriate benchmark to use when measuring equity performance.

Bond Index (used in Figure 5):

Salomon Brothers High-Grade Long-Term Corporate Bond Index. Composed of all publicly issued, fixed-rate, non-convertible domestic debt of the three major corporate classifications: industrial, utility, and financial. Bonds in the index are rated AAA-AA by Standard and Poor's, must have a minimum outstanding principal amount of $25 million and a minimum maturity of 12 years. The index has a maturity of approximately 25 years.

Table A.--Market and book value of endowment assets* of institutions of higher education, by level and control of institution: Fiscal years 1982-85

(Amounts in thousands)

Level and control of institution	Fiscal year 1982		Fiscal year 1983		Fiscal year 1984		Fiscal year 1985		Percent change in market value FY 82-85	Percent change in book value FY 82-85
	Market value, end of year	Book value, end of year	Market value, end of year	Book value, end of year	Market value, end of year	Book value, end of year	Market value, end of year	Book value, end of year		
					Current dollars					
Total	$24,415,245	$23,085,442	$32,691,133	$26,352,461	$32,975,610	$29,501,629	$39,916,361	$33,399,110	63.5	44.7
Public	4,510,893	4,565,595	5,825,940	5,137,770	6,038,051	5,720,140	7,344,312	6,478,046	62.8	41.9
Private	19,904,351	18,519,848	26,865,193	21,214,691	26,937,560	23,781,489	32,572,049	26,921,064	63.6	45.4
4-Year	24,174,071	22,854,844	32,388,497	26,074,668	32,644,124	29,188,910	39,524,453	33,043,546	63.5	44.6
Public	4,410,663	4,468,264	5,696,595	5,011,367	5,887,180	5,573,514	7,172,486	6,312,899	62.6	41.3
Private	19,763,407	18,386,582	26,691,902	21,063,301	26,756,945	23,615,396	32,351,967	26,730,647	63.7	45.4
2-Year	241,174	230,598	302,636	277,793	331,486	312,719	391,908	355,564	62.5	54.2
Public	100,230	97,331	129,345	126,403	150,871	146,626	171,826	165,147	71.4	69.7
Private	140,944	133,266	173,291	151,390	180,615	166,093	220,082	190,417	56.1	42.9
					Constant 1985 dollars					
Total	$29,298,294	$27,702,530	$36,614,069	$29,514,756	$35,283,903	$31,566,743	$39,916,361	$33,399,110	36.2	20.6
Public	5,413,072	5,478,714	6,525,053	5,754,302	6,460,715	6,120,550	7,344,312	6,478,046	35.7	18.2
Private	23,885,221	22,223,818	30,089,016	23,760,454	28,823,189	25,446,193	32,572,049	26,921,064	36.4	21.1
4-Year	29,008,885	27,425,813	36,275,117	29,203,628	34,929,213	31,232,134	39,524,453	33,043,546	36.2	20.5
Public	5,292,796	5,361,917	6,380,186	5,612,731	6,299,283	5,963,660	7,172,486	6,312,899	35.5	17.7
Private	23,716,088	22,063,898	29,894,930	23,590,897	28,629,931	25,268,474	32,351,967	26,730,647	36.4	21.2
2-Year	289,409	276,718	338,952	311,128	354,690	334,609	391,908	355,564	35.4	28.5
Public	120,276	116,797	144,866	141,571	161,432	156,890	171,826	165,147	42.9	41.4
Private	169,133	159,919	194,086	169,557	193,258	177,720	220,082	190,417	30.1	19.1

*Measured at the end of the fiscal year.

Note.--Details may not add to totals due to rounding.

SOURCE: HEGIS "Financial Statistics of Institutions of Higher Education for Fiscal Years 1982, 1983, 1984, and 1985."

Table 8.--Market value of endowment assets of the 100 institutions of higher education with the largest endowments, by name of institution, and by FY 85 ranking: Fiscal years 1985 and 1982

(Amounts in thousands)

Name of institution	Fiscal year 1985		Fiscal year 1982		Percent change in market value FY 82-85	Real 1 change in market value FY 82-85
	Rank order	Market value of endowment	Rank order	Market value of endowment		
University of Texas at Austin 2	1	$2,735,935	1	$1,701,229	60.8	34.0
Harvard University (MA)	2	2,694,802	2	1,617,294	66.6	38.9
Yale University (CT)	3	1,318,632	5	746,819	76.6	47.1
Princeton University (NJ)	4	1,239,181	6	686,562	80.5	50.4
Stanford University (CA)	5	1,044,483 3	4	770,324	35.6	13.0
Columbia University, Main Division (NY)	6	1,027,808	3	770,460	33.4	11.2
Massachusetts Institute of Technology	7	770,167	7	466,977	64.9	37.4
University of Chicago (IL)	8	641,691	9	394,222	62.8	35.6
Washington University (MO)	9	633,478	12	310,991	103.7	69.7
Rice University (TX)	10	609,309	11	345,336	76.4	47.0
University of Rochester (NY)	11	581,873	8	429,449	35.5	12.9
Northwestern University (IL)	12	576,721	10	373,387	54.5	28.7
Emory University (GA)	13	535,778	14	296,119	80.9	50.8
New York University	14	451,767	13	309,189	46.1	21.8
University of Pennsylvania	15	437,064	19	221,778	97.1	64.2
Dartmouth College (NH)	16	414,137	16	249,366	66.1	38.4
Rockefeller University (NY)	17	395,875	18	240,972	64.3	36.9
Johns Hopkins University (MD)	18	393,129	15	261,548	50.3	25.3
Cornell University Endowed Colleges (NY)	19	342,978	17	244,011	40.6	17.1
Vanderbilt University (TN)	20	319,004	23	184,509	72.9	44.1
University of Notre Dame (IN)	21	306,930	21	203,767	50.6	25.5
Mayo Graduate School of Medicine (MN)	22	296,621	55	87,091	240.6	183.8
University of Southern California	23	280,337	22	185,345	51.3	26.0
California Institute of Technology	24	274,577	20	209,366	31.1	9.3
University of Virginia, Main Campus 2	25	255,684	24	153,672	66.4	38.7
Loyola University in New Orleans (LA)	26	246,000	73	60,000 3	310.0	241.7
Case Western Reserve University (OH)	27	240,549	25	140,417	71.3	42.8
Southern Methodist University (TX)	28	233,659	36	110,368	111.7	76.4
Princeton Theological Seminary (NY)	29	233,506	38	105,196	122.0	85.0
University of Michigan, Ann Arbor 2	30	229,223	27	135,003	69.8	41.5
Brown University (RI)	31	223,060	33	119,592	86.5	55.4
Smith College (MA)	32	222,378	29	126,948	75.2	46.0
Wellesley College (MA)	33	220,429	30	126,224	74.6	45.5
Williams College (MA)	34	199,943	35	118,114	69.3	41.1
Carnegie-Mellon University (PA)	35	193,458	31	124,094	55.9	29.9
Wesleyan University (CT)	36	188,675	32	122,713	53.8	28.1
University of Delaware 2	37	186,673	34	119,128	56.7	30.6
University of California at Los Angeles 2	38	184,386	37	109,688 4	68.1	40.1
Loyola University of Chicago (IL)	39	177,359	41	100,220	77.0	47.5
University of Minnesota, Minneapolis-Saint Paul 2	40	176,670	39	104,156	69.6	41.4
Baylor University (TX)	41	176,032	47	96,570	82.3	51.9
Trinity University (TX)	42	175,739	28	127,515	37.8	14.8
Grinnell College (IA)	43	174,540	57	83,220	109.7	74.8
Swarthmore College (PA)	44	174,429	44	98,797	76.6	47.1
George Washington University (DC)	45	169,776	58	81,392	108.6	73.8
Amherst College (MA)	46	168,134	49	94,412	78.1	48.4
Ohio State University, Main Campus 2	47	165,400	54	88,684	86.5	55.4
University of Richmond (VA)	48	162,748	56	86,768	87.6	56.3
Baylor College of Medicine (TX)	49	161,673	90	49,026 3	229.8	174.8
Duke University (NC)	50	158,574 3	26	138,794 3	14.3	-4.8
Oberlin College (OH)	51	157,049	42	100,017	57.0	30.9
University of Pittsburgh, Main Campus (PA)	52	156,540	46	97,818	60.0	33.4
Vassar College (NY)	53	156,100	45	98,370	58.7	32.2
University of California at Berkeley 2	54	154,884	48	96,560 4	60.4	33.7
Texas Christian University	55	153,541	50	93,678	63.9	36.6

Table B.--Market value of endowment assets of the 100 institutions of higher education with the largest endowments, by name of institution, and by FY 85 ranking: Fiscal years 1985 and 1982--Continued

(Amounts in thousands)

Name of institution	Fiscal year 1985		Fiscal year 1982		Percent change in market value FY 82-85	Real 1 change in market value FY 82-85
	Rank order	Market value of endowment	Rank order	Market value of endowment		
Rensselaer Polytechnic Institute (NY)	56	$150,529	43	$99,176	51.8	26.5
Berea College (KY)	57	150,261	52	91,161	64.8	37.4
University of Cincinnati, Main Campus (OH) 2	58	148,489	40	103,965	42.8	19.0
Wake Forest University (NC)	59	145,633	53	89,151	63.4	36.1
Pomona College (CA)	60	143,551	61	72,765	97.3	64.4
Georgetown University (DC)	61	139,021	67	65,493	112.3	76.9
Tulane University of Louisiana	62	138,153	62	72,307	91.1	59.2
Lehigh University (PA)	63	130,100	60	73,727	76.5	47.1
Middlebury College (VT)	64	128,422	65	68,073	88.7	57.2
University of Washington 2	65	127,384	51	92,437	37.8	14.8
Lafayette College (PA)	66	117,015	66	67,449	73.5	44.6
Thomas Jefferson University (PA)	67	109,301	70	61,691	77.2	47.6
University of Wisconsin at Madison 2	68	107,374	59	78,898	36.1	13.4
Brandeis University (MA)	69	107,160	63	71,931	49.0	24.1
Boston University (MA)	70	104,316	79	55,065	89.4	57.9
Carleton College (MN)	71	96,988	72	60,035	61.6	34.6
Mount Holyoke College (MA)	72	96,757	75	58,382	65.7	38.1
University of California at Davis 2	73	95,881	71	61,231 4	56.6	30.5
Saint Louis University, Main Campus (MO)	74	94,921	78	55,572	70.8	42.3
Bowdoin College (ME)	75	94,820	82	53,258	78.0	48.4
Rochester Institute of Technology (NY)	76	91,160	76	57,696	58.0	31.7
Occidental College (CA)	77	90,942	89	49,226	84.7	54.0
Cornell University Medical Center (NY)	78	90,929	81	53,378	70.3	42.0
Syracuse University, Main Campus (NY)	79	88,535	77	55,680	59.0	32.5
University of California at Santa Barbara 2	80	88,505	87	49,910 4	77.3	47.8
Northeastern University (MA)	81	87,402	107	38,402	127.6	89.7
Wabash College (IN)	82	87,050	69	62,000	40.4	17.0
New Mexico Military Institute (NM)	83	82,124	96	43,410	89.2	57.7
University of Miami (FL)	84	80,564	83	52,186	54.4	28.6
Tufts University (MA)	85	78,277	92	44,976	74.0	45.0
Bryn Mawr College (PA)	86	77,918	91	48,977	59.1	32.6
Rush University (IL)	87	77,806	84	51,957	49.8	24.8
Purdue University (IN)	88	77,557	102	42,128	84.1	53.4
University of Oklahoma, Norman Campus 2	89	76,773	85	51,288	49.7	24.7
Boston College (MA)	90	76,544	114	36,428	110.1	75.1
Hamilton College (NY)	91	76,263	103	42,087	81.2	51.0
The Juilliard School (NY)	92	75,954	95	43,546	74.4	45.4
Earlham College (IN)	93	75,816	86	50,279	50.8	25.7
University of North Carolina at Chapel Hill 2	94	75,528	104	41,503	82.0	51.7
Trinity College (CT)	95	74,808	93	44,373	68.6	40.5
University of California at San Diego 2	96	73,754	106	39,117 4	88.5	57.1
University of New Mexico, Main Campus 2	97	72,476	116	36,017	101.2	67.7
Colgate University (NY)	98	69,786	88	49,371	41.4	17.8
Union College (NY)	99	68,055	99	42,695 3	59.4	32.8
Southwestern University (TX)	100	67,314	122	33,584	100.4	67.0

1 After controlling for inflation by measuring in constant 1985 dollars using the Higher Education Price Index (HEPI).

2 Publicly-controlled institutions.

3 Due to nonresponse, the data for these institutions have been imputed (estimated) from either the prior year's data or from a peer institution matched on relevant characteristics. (See the appendix for imputation strategies.)

4 The data reported for these institutions were allocated (distributed) by CES, since the data were submitted in an aggregate form for two or more separate campuses.

SOURCE: HEGIS "Financial Statistics of Institutions of Higher Education" for fiscal years 1982, 1983, 1984, and 1985.

Table C.--Endowment yield and appreciation* of institutions of higher education, by level and control of institution: Fiscal years 1982-85

(Amounts in thousands)

Level and control of institution	Fiscal year 1982		Fiscal year 1983		Fiscal year 1984		Fiscal year 1985		Percent change in endowment yield FY 82-85
	Endowment yield	"Appreciation" or (Depreciation)	Endowment yield	"Appreciation" or (Depreciation)	Endowment yield	"Appreciation" or (Depreciation)	Endowment yield	"Appreciation" or (Depreciation)	
				Current dollars					
Total	$2,043,740	($1,201,851)	$2,097,560	$5,086,286	$2,237,406	($2,827,246)	$2,521,367	$3,079,549	23.4
Public	459,739	($77,607)	440,246	748,220	484,633	(376,315)	490,350	553,168	6.7
Private	1,584,000	($1,124,246)	1,657,315	4,338,066	1,752,773	(2,450,930)	2,031,018	2,526,380	28.2
4-Year	2,019,884	($1,198,414)	2,070,124	5,073,529	2,208,663	(2,820,332)	2,488,365	3,064,104	23.2
Public	450,297	($76,737)	427,402	747,334	471,155	(374,071)	474,902	551,013	5.5
Private	1,569,586	($1,121,672)	1,642,722	4,326,196	1,737,508	(2,446,260)	2,013,464	2,513,090	28.3
2-Year	23,856	($3,437)	27,436	12,757	28,743	(6,914)	33,002	15,445	38.3
Public	9,442	($870)	12,844	886	13,478	(2,244)	15,448	2,155	63.6
Private	14,414	($2,574)	14,593	11,870	15,265	(4,670)	17,554	13,290	21.8
				Constant 1985 dollars					
Total	$2,452,488	($1,442,221)	$2,349,267	$5,696,640	$2,394,024	($3,025,153)	$2,521,367	$3,079,549	2.8
Public	551,687	(93,128)	493,076	838,006	518,557	(402,657)	490,350	553,168	-11.1
Private	1,900,800	(1,349,095)	1,856,193	4,858,634	1,875,467	(2,622,495)	2,031,018	2,526,380	6.9
4-Year	2,423,861	(1,438,097)	2,318,539	5,682,352	2,363,269	(3,017,755)	2,488,365	3,064,104	2.7
Public	540,356	(92,084)	478,690	837,014	504,136	(400,256)	474,902	551,013	-12.1
Private	1,883,503	(1,346,006)	1,839,849	4,845,340	1,859,134	(2,617,498)	2,013,464	2,513,090	6.9
2-Year	28,627	(4,124)	30,728	14,288	30,755	(7,398)	33,002	15,445	15.3
Public	11,330	(1,044)	14,385	992	14,421	(2,401)	15,448	2,155	36.3
Private	17,297	(3,089)	16,344	13,294	16,334	(4,997)	17,554	13,290	1.5

*"Appreciation" as used here is the net change in the market value of endowment assets minus the net change in their book value, since true appreciation data are no longer collected.

Note.--Details may not add to totals due to rounding.

SOURCE: NEGIS "Financial Statistics of Institutions of Higher Education" for fiscal years 1982, 1983, 1984, and 1985.

Table D.--Market value change,[1] rate of yield,[2] and rate of return[3] of endowments of institutions of higher education, by level and control of institution: Fiscal years 1982-85

(Amounts in percents)

Level and control of institution	Fiscal year 1982			Fiscal year 1983			Fiscal year 1984			Fiscal year 1985		
	Market value change	Rate of yield	Rate of return	Market value change	Rate of yield	Rate of return	Market value change	Rate of yield	Rate of return	Market value change	Rate of yield	Rate of return
Total	-5.1	8.7	3.6	20.8	8.6	29.4	-8.6	6.8	-1.8	9.3	7.6	16.9
Public	-1.9	11.1	9.2	16.6	9.8	26.4	-6.4	8.3	1.9	9.2	8.1	17.3
Private	-5.8	8.2	2.4	21.7	8.3	30.0	-9.1	6.5	-2.6	9.3	7.5	16.9
4-Year	-5.2	8.7	3.5	21.0	8.6	29.5	-8.7	6.8	-1.9	9.4	7.6	17.0
Public	-1.9	11.1	9.2	17.0	9.7	26.8	-6.5	8.2	1.7	9.4	8.1	17.4
Private	-5.9	8.2	2.3	21.8	8.3	30.1	-9.1	6.5	-2.6	9.4	7.5	16.9
2-Year	-1.6	11.0	9.4	5.1	10.9	16.0	-2.3	9.6	7.3	4.6	9.8	14.4
Public	-1.0	10.4	9.4	0.8	11.7	12.6	-1.7	10.0	8.4	1.4	10.2	11.6
Private	-2.0	11.5	9.4	8.4	10.3	18.7	-2.8	9.2	6.4	7.2	9.5	16.7

1 Market value change is the net change in the market value of endowment assets minus the net change in their book value (which together approximate appreciation), expressed as a percent of the market value at the beginning of the fiscal year.

2 Rate of yield is the value of the endowment yield, expressed as a percent of the market value of endowment assets at the beginning of the fiscal year.

3 Rate of return is the sum of the appreciation and the yield, expressed as a percent of the market value of endowment assets at the beginning of the fiscal year.

Note.--Details may not add to totals due to rounding. The terms above are described in Lenora F. Welzenbach (Ed.), College and University Business Administration. Washington, D.C. National Association of College and University Business Officers, 1982, p. 301.

SOURCE: HEGIS "Financial Statistics of Institutions of Higher Education" for fiscal years 1982, 1983, 1984, and 1985.

Table E.--Unrestricted and restricted endowment income of institutions of higher education, by level and control of institution: Fiscal years 1982-85

(Amounts in thousands)

Level and control of institution	Fiscal year 1982		Fiscal year 1983		Fiscal year 1984		Fiscal year 1985		Percent change in endowment income FY 82-85	
	Endowment income		Endowment income		Endowment income		Endowment income			
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Current dollars										
Total	$906,845	$689,968	$958,392	$762,285	$1,021,134	$852,811	$1,227,797	$868,501	35.4	25.9
Public	114,571	129,499	129,423	144,690	137,945	177,165	147,237	195,596	28.5	51.0
Private	792,273	560,469	828,969	617,595	883,190	675,646	1,080,560	672,905	36.4	20.1
4-Year	891,100	684,423	938,727	756,187	1,000,081	845,670	1,204,502	861,975	35.2	25.9
Public	108,557	126,396	121,197	141,077	128,704	173,756	136,922	193,067	26.1	52.7
Private	782,542	558,027	817,529	615,110	871,377	671,915	1,067,580	668,909	36.4	19.9
2-Year	15,745	5,545	19,665	6,098	21,053	7,141	23,295	6,526	48.0	17.7
Public	6,014	3,103	8,226	3,613	9,241	3,409	10,315	2,529	71.5	-18.5
Private	9,731	2,442	11,440	2,485	11,813	3,731	12,980	3,996	33.4	63.6
Constant 1985 dollars										
Total	$1,088,214	$827,962	$1,073,399	$853,759	$1,092,613	$912,508	$1,227,797	$868,501	12.8	4.9
Public	137,485	155,399	144,954	162,053	147,601	189,567	147,237	195,596	7.1	25.9
Private	950,728	672,563	928,445	691,706	945,013	722,941	1,080,560	672,905	13.7	0.1
4-Year	1,069,320	821,308	1,051,374	846,929	1,070,087	904,867	1,204,502	861,975	12.6	5.0
Public	130,268	151,675	135,741	158,006	137,713	185,919	136,922	193,067	5.1	27.3
Private	939,050	669,632	915,632	688,923	932,373	718,949	1,067,580	668,909	13.7	-0.1
2-Year	18,894	6,654	22,025	6,830	22,527	7,641	23,295	6,526	23.3	-1.9
Public	7,217	3,724	9,213	4,047	9,888	3,648	10,315	2,529	42.9	-32.1
Private	11,677	2,930	12,813	2,783	12,640	3,992	12,980	3,996	11.2	36.4

Note.--Details may not add to totals due to rounding.

SOURCE: HEGIS "Financial Statistics of Institutions of Higher Education" for fiscal years 1982, 1983, 1984, and 1985.